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PATENT  
Attorney Docket No. 020375-021400US

TOWNSEND and TOWNSEND and CREW LLP

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re application of:

Adam Coyle

Application No.: 09/713,770

Filed: November 16, 2000

For: CARD-BASED SYSTEM AND  
METHOD FOR ISSUING  
NEGOTIABLE INSTRUMENTS

Confirmation No. 3444

Examiner: Kelly S. Campen

Technology Center/Art Unit: 3691

APPELLANT'S BRIEF UNDER  
37 CFR §41.37

Mail Stop Appeal Brief  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

Further to the Notice of Appeal mailed on March 20, 2008 for the above-referenced application, Appellant submits this Brief on Appeal.

### **1. REAL PARTY IN INTEREST**

First Data Corporation is the real party in interest as the assignee of the above-identified application.

### **2. RELATED APPEALS AND INTERFERENCES**

No other appeals or interferences are known that will directly affect, are directly affected by, or have a bearing on the Board decision in this appeal.

### **3. STATUS OF CLAIMS**

Claims 22, 24-31 and 33-38 are currently pending. All claims stand rejected pursuant to an Office Action dated December 31, 2007. The rejections of the claims are believed to be improper and are the subject of this appeal.

### **4. STATUS OF AMENDMENTS**

No amendments have been proposed or entered subsequent to the Office Action dated December 31, 2007.

### **5. SUMMARY OF CLAIMED SUBJECT MATTER**

Appellant's invention is a method and system for issuing prepaid negotiable instruments by a non-banking institution (Application, p. 2, ll. 12-14). While many consumers use traditional banking relationships, there are some consumers in financial circumstances that make such relationships impractical or undesirable. This group of consumers is sometimes identified as part of a cash-based society, and they avoid traditional banking relationships because of worry about garnishments, inconvenience, or disrespectful service (p. 1, ll. 27-32)

Embodiments of the invention address this problem by establishing an uninsured, prepaid account at a non-banking institution. The use of an uninsured account permits the non-banking institution to provide financial services to cash-based customers without the need for qualifying/approval barriers, high costs, and intricate fee and reporting obstacles that are associated with a traditional banking relationship (p. 5, ll. 4-8). The account is able to receive

deposits of funds from or on behalf of the account holder (p. 5, ll. 8-12). Funds may then be accessed from the account through the issuance of prepaid negotiable instruments (p. 9, ll. 7-9).

Deposits may be made into the prepaid account using a separate account at a banking institution. Such deposits made to the banking account are then automatically swept into the prepaid account where they can be accessed by the account holder (p. 2, ll. 16-24). This not only permits the account holder to have the advantage of direct deposits (e.g., through the use of ACH transfers), but those funds become immediately available at the prepaid account where they may be used without the reporting and other restrictions attendant to a traditional banking relationship (p. 6, ll. 6-20).

Since the prepaid account is set up at a non-banking institution, it may be an anonymous account (there is no personal information concerning the account holder), and the funds may accessed (through the issuance of prepaid negotiable instruments) without the use of personal information (e.g., the account holder may use a PIN rather than personal information to access the account) (p. 3, ll. 14-23).

#### Independent Claims 22 and 37

Independent claim 22 recites a system for issuing prepaid negotiable instruments to account holders. An overview of the system is shown in Figs. 1, 2, 3 and 8a and 8b. The system includes a database (Fig. 3, elements 312, 316) for storing in relation to a prepaid account 102, an account identifier and a balance that represent funds deposited as prepaid negotiable instruments (p. 9, ll. 7-9; p. 10, ll 1-3; p. 12, ll 1-6). The prepaid account is maintained by a non-banking institution and is thus not FDIC insured (p. 5, ll. 1-2). A transaction terminal (element 112 or 116) includes a card reader (elements 811 or 816) for reading the account identifier, an input device (elements 306 or 814) for entering the amount of a negotiable instrument (p. 15, ll. 13-23), and a printer (elements 304, 818 or 844) for printing the amount of the negotiable instrument. A server system (elements 211, 214) receives the account identifier, accesses the database to determine the balance in the prepaid account, authorizes a negotiable instrument if there is a sufficient balance, and debits the prepaid account (p. 9, l. 10 through p.10, l. 12). A communications link (element 210) receives data relating to a bank account maintained by a

banking institution, the bank account for receiving deposits and immediately crediting those deposits to the prepaid account (p. 8, ll. 8-22).

Claim 37 recites a method with steps corresponding to system features of claim 22.

Dependent Claims 24-31, 33-36 and 38

Other embodiments of the invention are recited in the dependent claims 24-36 (which depend from claim 22), and 38 (which depends from claim 37). Each of these claims recite specific limitations in combination with the elements of their respective parent claims.

Claim 24 recites that deposits to the bank account are direct deposits through an automated clearinghouse (p. 7, ll. 1-18). Claim 25 recites that a card and PIN are used at the terminal in order to request a negotiable instrument (p. 14, l. 28 through p. 15, l. 12). Claim 26 recites that the prepaid account is "anonymous," that the database stores no identifying personal information, and that the server authorizes the negotiable instrument without requiring identifying information, other than the account identifier and PIN (p. 16, ll. 5-8). Claim 27 recites limitations similar to claim 26, but further provides that the anonymous account stores no identifying information other than the account holder name, in order for the name to appear as payee on the issued negotiable instrument (p. 20, ll. 15-16). Claims 28, 35 and 38 recite that the negotiable instrument is issued in the account holder's name and also recite (in claims 28 and 38) that the instrument is preprinted with a restrictive legend requiring identification for cashing (p. 20, ll. 21-22). Claim 29 recites that the negotiable instrument is also preprinted with a restrictive legend setting an upper limit on its face value (p. 20, l. 23). Claims 30 and 31 recite that the transaction terminal is an ATM or, alternatively, a POS terminal (elements 112, 116). Claim 33 recites that the non-banking institution is a Licensed Money Transmitter, requiring a transaction fee which is deducted from the prepaid account for the negotiable instrument (p. 10, ll. 1-11). Claim 34 recites that the server system authorizes the negotiable instrument if there is a sufficient balance to cover the amount of the negotiable instrument and transaction fee (p. 10, ll. 1-3). Claim 36 recites that the balance stored in the prepaid account is limited to a predetermined maximum (p. 16, ll. 23-26).

## **6. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

Claims 22, 24-31, and 33-38 stand rejected under 35 U.S.C. §103(a) as being unpatentable over US. Patent No. 6,149,055 ("**Gatto**").

## **7. ARGUMENT**

### **Independent Claims 22 and 37 -- Rejection under 35 U.S.C. §103(a)**

To support a rejection under 35 U.S.C. §103, the Examiner is charged with establishing a *prima facie* case of obviousness (MPEP 2142), and demonstrating that all limitations of the claims are taught or suggested by the prior art and “identify[ing] a reason that would have prompted a person of ordinary skill in the relevant field to combine the [prior art] elements” in the manner claimed. *KSR International Co. v. Teleflex Inc.*, 550 U.S. \_\_\_\_ at 15 (2007). In this instance, the Office Action relies on a single reference (**Gatto**) for meeting the limitations of the claims.

**Gatto** discloses an EFT system having central control units 200 and databases 300, which are connected via a communications link 400 to a network of terminals or ATMs 10. The purpose of **Gatto** is to provide a set of customized, user-defined transactions that are displayed at the ATM, in order to reduce the number of inputs or selections by the user when executing a transaction (Abstract; Col. 2, line 50 through Col. 3, line 31).

Appellant respectfully submits that the Examiner had failed to present a *prima facie* case of obviousness, since **Gatto** clearly does not disclose or suggest all limitations recited in claim 22.

Specifically, the Examiner has not mentioned in the Remarks to the Office Action, nor is Appellant able to find in **Gatto**, any disclosure or suggestion of several specific elements recited in claim 22, such as:

"a database for storing . . . a balance associated with the prepaid account, wherein the balance *represents funds deposited to the prepaid account as advance payment for negotiable instruments*,"

"wherein the prepaid account is *maintained by a non-banking institution and the prepaid account is thus not an FDIC insured account*," and

"a communication link connecting the server system for receiving data from a banking institution, *the data relating to a bank account maintained by the banking institution for receiving deposits for the account holder and immediately crediting those deposits to the prepaid account*" (emphasis added).

Such elements are part of the inventive combination recited and disclosed by Appellant for carrying out the purpose of the invention. Specifically, Appellant's invention (including the just-referenced combined elements) permits consumers who are cash-based to make deposits into a banking account and then conduct transactions against a prepaid account maintained by a non-banking institution (using prepaid negotiable instruments).

In the Office Action, the Examiner states (page 2 of the Remarks) that **Gatto** supports the rejection because it discloses "a database for storing ... an account identifier and a balance associated with the prepaid account, wherein the balance represents funds deposited to the prepaid account as advance payment for negotiable instruments (see col. 10, lines 60-65 -- travelers checks are the negotiable instrument issued--)." The Examiner further states (page 3 of the Remarks) that while **Gatto** does not specifically disclose immediately crediting the account nor a non-FDIC insured institution, **Gatto** does teach "transfers between a bank and a non-bank in col. 10, lines 60-65, col. 9 lines 35-40 and col. 7 lines 66-67 to col. 8 line 5."

As best understood, the Examiner position (based on his citing these specific lines of **Gatto**) is that the reference to features of the invention being useful in different environments (e.g., at col. 10, lines 60-65, mentioning "travelers check dispensers" and casino or other "gaming devices") somehow teaches Appellant's invention. It is respectfully submitted that the Examiner is selectively taking sentences in **Gatto** out of context and that when read in its

entirety, **Gatto** not only does not teach all the elements of Appellant's invention, but actually teaches away.

In particular, if logically read, the reference to using "features" of **Gatto** in other environments (col. 10, lines 60-65) that is cited by the Examiner is a reference to the features associated with providing user-defined, customized transaction screens for a customer in selecting a transaction (to reduce the number of user inputs or key strokes). If such features were used, e.g., at a casino device, they would simply permit transactions to be selected (e.g., at a casino device) with fewer inputs or key strokes, rather than suggesting Appellant's feature of transferring funds from a bank account (at a banking institution) to a prepaid account (at a non-banking institution) where the funds are withdrawn only by the issuance of negotiable instruments. The Examiner appears to believe that col. 10, lines 60-65 of **Gatto** can somehow be read in conjunction with other features in **Gatto** to suggest transferring money from a "casino account to a bank account" (see the last line of page 3 and first line of page 4 of the Examiner's Remarks). This feature is not disclosed anywhere in **Gatto**, and even if it were (and further, even if it were assumed that a casino account is a non-banking account for issuing prepaid negotiable instruments), such a transfer is not an element of Appellant's invention, which includes immediately crediting deposited funds *from* a bank account *to* a non-banking account.

Also, if logically read, the reference to transfers between accounts (col. 9, lines 35-40) that is cited by the Examiner is merely a reference to a standard screen at an ATM (bypassing a customized screen or transaction) for selecting a transaction that transfers funds between accounts (see the related and preceding description at col.8, lines 41-53, which gives a more meaningful context to col. 9, lines 35-40 ).

In the Office Action, the Examiner also states (page 4 of the Remarks) that **Gatto** teaches the prepaid account "being credited as soon as a communications link connection g the server for receiving the data " (sic). It is assumed the Examiner means that **Gatto** teaches transferring money from one bank account to another bank account if a funds transfer is made at an ATM, and that such a transfer might occur as soon as the transaction message is sent to the central server or system of the bank that operates the ATM. Even if the Examiner were correct as to this being taught in **Gatto** (for which the Examiner provides no specific columns or line

numbers in **Gatto**), this is not Appellant's invention, which (among other things) takes deposits at a bank account and then immediately credits those funds to a non-bank account, so that withdrawals from the non-bank account can be made as prepaid negotiable instruments.

**Gatto**, as applied, merely discloses and suggests a conventional ATM system, and if anything it teaches away from the present invention by disclosing the use of ATMs in a traditional financial environment (and the selection of account transfers or other standard transactions by a user), rather than an arrangement (as implemented by Appellant's novel system and method) where deposits are made to an account at a banking institution and are then immediately "credited" or transferred (i.e., without user selection of the credit or transfer as in **Gatto**) to a prepaid account at a non-banking institution, where the prepaid account is not an FDIC insured account, and where funds are withdrawn only as negotiable instruments.

Dependent Claims 24-31, 33-36, and 38

As to the dependent claims, Appellants believe they are each allowable for at least the same reasons as stated above in connection with independent claims 22 and 37.

In addition, the Examiner has cited various lines in **Gatto** which purport teach the limitations of various dependent claims. Appellant has read **Gatto** carefully and believes the Examiner has not properly rejected the claims, since various limitations in the dependent claims are, in fact, not disclosed in **Gatto**.

As examples, in connection with dependent claim 24, the Examiner cites col. 12, lines 45-47 and col. 16, lines 10-20 as disclosing deposits at the sweep account (bank account at the banking institution) being made through an automated clearinghouse (ACH) system. Col. 12, lines 45-47 merely refers to bank terminals downloading "user identification information". Col. 16, lines 10-20 merely refers to a "Recent Transactions" feature being used with an ATM screen or menu. Nowhere is there mention of ACH transfers.

In connection with claims 26 and 27, the Examiner cites col. 12, lines 1-10 as disclosing (among other things) the prepaid account being "an anonymous prepaid account" and the database storing "no identifying information." Col. 12, lines 1-10 merely refers to the user



being identified by a user identification card or by entry of information at a key pad. Nowhere is there mention of there being no identifying information in the database.

In connection with claim 28, the Examiner cites col. 10, lines 60-65 as disclosing (among other things) a negotiable instrument being issued in the name of the account holder and being pre-printed with a restrictive legend. Col. 10, lines 60-65 merely discloses that features of **Gatto** might be used at a travelers check dispenser. Nowhere is there mention of a negotiable instrument being issued with the name of the account holder or being pre-printed with a restrictive legend.

Similar deficiencies can be found in the Examiner's explained basis for rejecting claims 25, 30, 31, 33-36, and 38.

## **8. CONCLUSION**

For these reasons, it is respectfully submitted that the rejection should be reversed.

Respectfully submitted,

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## **9. CLAIMS APPENDIX**

1-21. (Cancelled)

22. (Previously presented) A system for issuing prepaid negotiable instruments to an account holder, comprising:

a database for storing, in relation to a prepaid account of the account holder, an account identifier and a balance associated with the prepaid account, wherein the balance represents funds deposited to the prepaid account as advance payment for negotiable instruments, wherein withdrawals against the prepaid account are made only by issuance of negotiable instruments, and wherein the prepaid account is maintained by a non-banking institution and the prepaid account is thus not an FDIC insured account;

a transaction terminal for issuing negotiable instruments, the terminal including a card reader for reading a card having data thereon representing the account identifier, an input device for entering the amount of the negotiable instrument, and a printer for printing the amount on the negotiable instrument;

a server system in communication with the database and the transaction terminal, the server system receiving the account identifier in response to the card being read at the transaction terminal, accessing the database to determine the balance within the prepaid account associated with the account identifier, authorizing a negotiable instrument to be issued at the terminal if there is a sufficient balance within the account to cover the amount of the instrument, and debiting the prepaid account by the amount of the issued negotiable instrument; and

a communication link connecting the server system for receiving data from a banking institution, the data relating to a bank account maintained by the banking institution for receiving deposits for the account holder and immediately crediting those deposits to the prepaid account.

23. (Canceled)

24. (Previously presented) The system of claim 22, wherein the deposits received at the bank account are direct deposits through an automated clearinghouse (ACH) system.

25. (Previously Presented) The system of claim 22, wherein a personal identification number (PIN) is associated with the card, wherein the card is presented by the account holder at the transaction terminal, and the PIN is entered at the input device of the terminal in order for the account holder to request issuance of a negotiable instrument.

26. (Previously Presented) The system of claim 25, wherein the account is an anonymous prepaid account, wherein the database stores no identifying personal information concerning the account holder, and wherein the server system authorizes issuance of a negotiable instrument without requiring identifying information concerning the account holder other than the account identifier and the PIN.

27. (Previously Presented) The system of claim 25, wherein the account is an anonymous prepaid account, wherein the database stores no identifying personal information concerning the account holder other than the account holder name to appear as payee on the negotiable instrument, and wherein the server system authorizes issuance of a negotiable instrument without requiring identifying information concerning the account holder other than the account identifier and the PIN.

28. (Previously Presented) The system of claim 27, wherein the negotiable instrument is issued in the name of the account holder, and wherein the negotiable instrument is preprinted with a restrictive legend requiring identification for cashing the negotiable instrument.

29. (Previously Presented) The system of claim 28, wherein the negotiable instrument is further preprinted with a restrictive legend setting an upper limit for its face value.

30. (Previously Presented) The system of claim 22, wherein the transaction terminal is an automated teller machine (ATM).

31. (Previously Presented) The system of claim 22, wherein the transaction terminal is a point of sale (POS) terminal.

32. (Canceled)

33. (Previously presented) The system of claim 22, wherein the non-banking institution is a Licensed Money Transmitter (LMT), wherein the LMT requires a transaction fee for issuing the negotiable instrument, and wherein the transaction fee is deducted from the account when the negotiable instrument is issued.

34. (Previously presented) The system of claim 33, wherein the server system authorizes a negotiable instrument to be issued at the terminal if there is a sufficient balance within the account to cover the amount of the transaction fee in addition to the amount of the negotiable instrument.

35. (Previously Presented) The system of claim 22, wherein the printer prints the name of the account holder on the negotiable instrument so that the negotiable instrument is payable to the account holder.

36. (Previously Presented) The system of claim 35, wherein the balance associated with the account and stored in the database is limited to a predetermined maximum value.

37. (Previously presented) A method for issuing prepaid negotiable instruments to an account holder, comprising:

storing in a database and in relation to an account of the account holder, an account identifier and a balance associated with the account, wherein the balance represents funds deposited to the account as advance payment for negotiable instruments, wherein withdrawals against the account are made only by issuance of negotiable instruments, and wherein the account is a prepaid account maintained by a non-banking institution;

issuing a prepaid negotiable instrument at a transaction terminal, the terminal including a card reader for reading a card having data thereon associated with the account identifier, an input device for entering the amount of the negotiable instrument, and a printer for printing the amount on the negotiable instrument;

providing a server system in communication with the database and the transaction terminal, the server system receiving an account identifier in response to a card being read at the transaction terminal, accessing the database to determine the balance within the account associated with the account identifier, authorizing a negotiable instrument to be issued at the terminal if there is a sufficient balance within the account to cover the amount of the instrument, and debiting the account by the amount of the negotiable instrument so that the negotiable instrument issued at the transactional terminal is prepaid;

maintaining a bank account at a banking institution for receiving direct deposits for the account holder; and

upon any such deposit, immediately debiting the bank account by the amount of the deposit and crediting such deposit to the balance stored in the database for the prepaid account.

38. (Previously Presented) The method of claim 37, further comprising printing the name of the account holder on the negotiable instrument as the payee and printing a restrictive legend requiring identification in order to cash the negotiable instrument.

39. (Canceled)

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**10. EVIDENCE APPENDIX**

None

**11. RELATED PROCEEDINGS APPENDIX**

None

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